Security fears cost French hotels $675m in 2016

REUTERS, *Paris*

FEAR of Islamist attacks kept foreign tourists away from Paris and the Riviera last year, costing French hoteliers an estimated 650 million euros ($675 million) in lost revenue, the head of hotel research firm MKG told Reuters on Tuesday.

Activity picked up slightly in the last quarter as hotels, notably in Paris, slashed prices during the year-end festivities and a stronger dollar brought back US tourists.

Trade fairs such as Le Bourget air show, held every other year and next due in June, should help hotel room demand this year though a wait-and-see approach before the spring presidential elections could weigh on business.

"2017 can only be better than 2016 though we are unlikely to return to 2014's levels," MKG's Georges Panayotis said by phone.

More than 230 people have been killed in militant attacks in France over the past two years, including 86 during last year's July 14 national holiday celebrations in the Riviera resort of Nice.

Revenue per available hotel room (RevPAR) plunged 14.6 percent in Paris in 2016 compared to 2015 and 2.8 percent in the French riviera but rose 4.4 percent elsewhere in the country, according to MKG data.

Overall RevPAR fell 5.1 percent on average in France last year to 56.30 euros with occupancy rates down by 1.2 percentage points to 64.2 percent and average prices down 3.3 percent.

REUTERS/FILE

Coloured lights are seen on palm trees and hotels on the Promenade Des Anglais as part of illuminations for the Christmas holiday season in Nice, France.

By comparison, average RevPAR was 59 euros in 2014 in France.

During the December 29-31 period, hotels in Paris alone cut prices by 7-8 percent on average and by as much as 15 percent in some luxury hotels.

France, which is seeking to revive its economy, depends heavily on tourism, which generates between 7-8 percent of national gross domestic product. France is the most-visited country in the world, with almost 85 million foreigners last year.

British retailer Next cuts 2017 profit outlook

REUTERS, *London*

BRITISH clothing retailer Next on Wednesday cut profit guidance for its current financial year and warned on the outlook for the next, highlighting "exceptional" levels of uncertainty in the sector.

Next, which trades from about 540 shops in Britain and Ireland, from franchised stores overseas and online, has been Britain's most successful clothing retailer of the last decade but 2016 proved to be its toughest year since 2008 and its shares fell by a third.

The firm has said Britons are spending less on clothes and instead splashing out on holidays, eating out and events. It is also braced for costs to rise following the plunge in the pound after Brexit and higher wage bills.

Kicking off the UK Christmas trading update season Next said its central guidance was for pretax profit of 792 million pounds ($971 million) for its year to Jan. 2017, down from the 805 million pounds it had previously forecast.

The firm also set out its expectations for the 2017-18 year, predicting a pretax profit range of 680-780 million pounds, below analysts' average forecast of 784 million pounds, according to Reuters data.

"The fact that sales continued to decline in quarter four, beyond the anniversary of the start of the slowdown in November 2015, means that we expect the cyclical slow-down in spending on clothing and footwear to continue into next year," said the firm.

In the 54 days to Dec. 24, the bulk of its fourth quarter, its full price sales fell 0.4 percent, compared with a third quarter fall of 3.5 percent.

It cautioned that it may see a further squeeze in general spending as inflation begins to erode real earnings growth.

Next also reiterated that following the devaluation of Sterling it expects prices on like-for-like garments to rise, but by no more than 5 percent. It expects that this will depress sales revenue by around 0.5 percent.

The firm forecast full price sales for 2017-18 in a range of down 4.5 percent to up 1.5 percent.

Next also highlighted increased costs it faces in 2017-18, including the National Living Wage, higher business rates, the apprenticeship levy and higher energy taxes.

Indonesia tries to assure banks they won't be penalised if research is credible

REUTERS, *Jakarta*

INDONESIA'S finance ministry sought on Wednesday to assure banks and research firms that they will not be sanctioned for their assessment of the country as long as it is "credible".

Indonesia cut its business ties with JPMorgan Chase & Co because its research was "not credible and not objective", Suahasil Nazara, head of the Ministry of Finance's fiscal policy office, told reporters.

Some analysts have said that the decision has raised concern about whether the government would penalise other research providers for reports that are deemed to be negative.

Nazara dismissed such worries.

"There is no need to be afraid as long as it's credible," he said.

"The point is, don't worry, go ahead with an analysis of Indonesia's economy that is as credible as possible, by using the available data and facts."

In a note dated Nov. 13, JPMorgan analysts downgraded their investment recommendation on Indonesia stocks to "underweight" from "overweight", citing higher risk premiums for emerging markets after Donald Trump won the US presidential election.

Indonesia has dropped JPMorgan's services as a primary dealer for domestic sovereign bonds and as an underwriter for bonds sold to the global markets, Nazara said.

The U.S. bank is also no longer what Indonesia terms a perception bank.

The government said in a 2006 decree that perception banks are appointed by the finance minister to receive transfers of state revenue not related to imports, including tax, onshore excise and non-tax revenue.

JPMorgan is allowed to continue its business in the private sector, Nazara said.

Women wearing traditional kimono outfits pose after the opening of the stock market for the year at the Tokyo Stock Exchange in Tokyo yesterday. Tokyo shares opened higher on the first trading day of 2017, following rises seen overnight on Wall Street driven by optimism about the US economy.

AFP

Sri Lanka central bank sees higher growth in 2017

REUTERS

SRI Lanka's central bank expects the economy to expand between 5.5 and 6.0 percent in 2017, higher than last year's estimated pace of at least 4.5 percent but lower than earlier forecast due to potential global headwinds, the governor said on Tuesday.

Growth in 2016 was lower than the originally projected minimum of 5 percent, and below 2015's rate of 4.8 percent. The central bank's growth prediction for this year is lower than its estimate in November of 6.3 percent.

The lower estimate comes after the central bank raised its key policy interest rates by 100 basis points (bps) since February, after increasing the statutory reserve ratio by 150 bps at the end of 2015.

Central Bank Governor Indrajith Coomaraswamy, however, told a gathering in Colombo while announcing economic and financial policies for 2017 that there could be some significant risks facing growth this year.

He said the "impact of global developments such a Brexit, recent U.S. elections as well as interest rate hikes by the U.S. Federal Reserves, the forthcoming elections in France and Germany in Europe, the projected slowdown in the Chinese economy" could be risks this year.

He also said economic conditions in Sri Lanka's major trading partners including India, Japan, Russia, and the Middle east, could also have a significant influence on the domestic economy.

Revamp of South Africa's largest city leaves poor battling for housing

REUTERS, *Johannesburg*

WHEN South African street vendor Nelson Khethani was evicted from his home in downtown Johannesburg to make way for a new development, he fought a successful legal battle to ensure his family would have somewhere else to live.

Khethani, his wife and hundreds of others were relocated in 2008 to a converted former military hospital with biometric security gates, running water and 24-hour electricity - but the promise of a better life didn't last long.

Now the tower block has patchy electricity, leaking water pipes and sewage in the yard, one of many government-run buildings where conditions have deteriorated as social housing provisions fail to keep up with urban regeneration.

Campaigners argue affordable low-income housing has been a critically neglected component of urban regeneration in Johannesburg with no long-term solution in place. This is widening the divide and tensions between the rich and the poor.

"It became clear that there had been shortcuts with the plumbing and the electricity," says Khetani, flicking a broken light switch and citing a recent two month spell with no power.

"There's no proper management. We phone the city to tell them about the problems. I phone everybody. No-one wants to help. Meanwhile we pay rent. We cry every day."

Even though his previous building had lacked basic services and security of tenure, the informal arrangement had been better and more organised compared with city management, Khetani says.

Virgil James, spokesman for the City of Johannesburg said the administration is well aware of the situation but that there is simply not enough low cost housing to cope with the number of people flocking to the city in search of jobs.

He said there was "no intention" of allowing the city to "fall into private hands" but that municipalities needed to find ways to cover their costs. "We are faced with a number of people living in dilapidated buildings with illegal water and electricity connections. This puts the city/municipality under severe strain as the city has to cover the costs that extend into millions of rand," he said.

"It will take a lot of discussion to make sure the city works for everyone ... in the meantime, the municipalities everywhere have to cover their costs. They need people to pay for the services they use or the city will deteriorate."

REUTERS/FILE

A woman stands near squatted housing in the central business district of Johannesburg.

Johannesburg's inner city started to be neglected during the 1980s as sanctions against the apartheid government triggered an exodus of companies and wealthy residents.

"Grey zones" were established where basic utilities such as water, power and waste collection stopped. Uninhabitable areas marked by crime and decaying buildings were called "sinkholes".

Since the end of apartheid in 1991, the African National Congress-led government has pledged to transform Johannesburg and end its reputation as a haven for crime and violence.

Evictions were rife following the launch of an Inner-City Regeneration Strategy in 2003, a policy aimed at enticing investors, businesses and the middle class back to an inner-city area of nearly seven square miles (18 sq km).

Investment and regeneration gathered pace as South Africa prepared to host the 2010 soccer World Cup. Regeneration around Ellis Park stadium in the centre of the city spurred investment in affordable housing, new retail and infrastructure.

Soweto township, southwest of the city, also benefited from investment tied to renovation of the Soccer City stadium.

Since then, former sinkholes have been transformed into smart precincts with spacious apartments and trendy markets where the city's hipsters sip cocktails from jam jars.

Demand is high. A development on Eloff Street has over 300 one to two-bedroom apartments renting at $250-$365 a month, with nearby coffee shops, art galleries and stalls selling cupcakes.

For the majority whose livelihoods depend on proximity to the city, these developments are beyond reach. Half of households earn $228 a month, with 31 percent earning less than $115, according to the Socio-Economic Rights Institute (SERI).

The City of Johannesburg has made some attempts to provide low-cost housing. The Johannesburg Social Housing Company (JOSHCO) is responsible for providing social accommodation to those earning between $215 to $540 a month. But this is still too expensive for most, say rights groups.

The right to housing is enshrined in South Africa's constitution and arbitrary evictions are prohibited, with the city obliged to relocate tenants facing homelessness.

But as gentrification takes root and land prices soar, families increasingly face displacement to shelters and temporary housing that cannot cater for the numbers evicted.

"The problems with housing rest on the implementation of many of the government's own policies. The ideals are there as is the capacity and the resources but there is little political will to implement," says Edward Molopi, Community Research and Advocacy Officer at SERI.

LEGAL BACKLOG

Protracted legal cases stall movement as the backlog for temporary housing mounts. The municipality is now dealing with 25 applications by developers to evict around 3,000 families.

It is estimated that some 30,000 units of accommodation are required in the short term to address the most vulnerable households, according to the municipality housing department.

"There is a tension between the municipality and the developers. The burden of the cost of evictions and relocations has to be shared," a source from the housing department told the Thomson Reuters Foundation. "The basic functioning of the department needs to change."

The lack of affordable rental accommodation has allowed informal settlements to flourish with people resorting to "bad" buildings that are unsafe and lack basic services. An estimated 400 buildings have been occupied illegally in the inner city.

Amos Latsoalo stands outside an occupied building on Soper Road where he and 100 others live with no power or running water. The inner city is "only for rich people", he says.

A sign at the property states that the row of houses will be demolished as they are "unsuitable for human habitation". A new residential building is to be erected in their place.

Hillbrow, the adjacent neighbourhood, is one of the most densely-populated areas in South Africa with over 74,000 people in approximately 0.3 of a square mile (1 sq km). Johannesburg prison houses about 10,000 people in a similar amount of space.

Any spare space is up for grabs. Hundreds of paper notices advertising rooms, balconies and shared beds flap against a wall known as the "post office" in Hillbrow. Misspelled notices read "1 men to share a bed plz call me", or "balcon available".